



# City of Florence, Oregon

## Quarterly Report

Quarter Ended September 30, 2015



September 27, 2015

Dear Mayor Henry, City Councilors, Citizens of Florence and other interested individuals;

We are excited to report to you on the activities and progress we have made on Council's goals on behalf of the City of Florence for the quarter ended September 30, 2015. The report includes comparisons of actual to budgeted amounts, a City-wide summary of beginning fund balance, current period resources and expenditures, and the ending fund balance for all funds, performance measures, and narrative explaining results and highlights for the quarter. The financial information presented is unaudited and any significant adjustment in future periods will be noted.

Budgeted amounts presented generally have been allocated proportionately, i.e., twenty-five percent (25%) for the quarter. However, revenue such as property taxes and transient room taxes, transfers from other funds, debt proceeds and expenditures such as capital outlay, transfers to other funds for debt service or capital projects and debt service reflect allocations that are based on past experience or the actual need or requirement. Explanations are provided with each fund. Additionally, the full fiscal year budget, remaining budget balance and the updated estimated amounts for the full fiscal year are provided. When full fiscal year estimated amounts vary considerably from the full-fiscal year budgeted amounts, an explanation is provided.

City Council adopted seven goals in early 2015.

- City Service Delivery
- Economic Development
- Livability and Quality of Life
- Financial Sustainability
- Organizational and Capital Plant
- Communication and Trust, and
- Public Safety

Following are highlights for the first quarter related to these goals:

#### General Fund

- Beginning fund balance is slightly above the budgeted amount.



- The beginning fund balance exceeds the amount necessary to fund general fund operations through November 2015, when current year property tax revenue is received.
- Fund balances in the various funds, excluding the airport fund and the 9-1-1 fund which has a small negative fund balance, meet or exceed the minimum financial requirements for sustainable operations

Revenue during the quarter and projected for the balance of fiscal year 2015-16 is sufficient to meet approved spending authorized with the original adopted budget, with two potential minor exceptions – airport and transfers from 9-1-1 to the general fund. Please see each fund for additional explanation.

### Operations

- Administration
  - Significant economic development related activity
    - Economic Development Committee meeting coordination
      - Progress on purpose, organization, direction
    - Secured consultants for and initiated Urban Renewal studies
      - Strategies to achieve desired development
      - Streetscape
    - Bringing Oregon RAIN – an entrepreneurial program via the Governor’s office to Florence
  - Public Arts Committee coordination
  - Secured \$7.8 million debt financing
    - Refinanced \$1.5 million of existing debt
- Human Resources
  - Timely recruitment of seasonal positions
  - Timely recruitment of vacant public works positions
- Emergency Management:
  - Initiated review of draft Disaster Plan document
  - Completed first exercise to test disaster plan
  - Participated in mass casualty incident with Hospital
  - Planned disaster alarm drill for City Hall
- Communications:
  - Initiated work on redesign of website
- Planning
  - Completed software conversion to the Model Code, the first city to do so
  - Land use decision related to housing development in Sand Pines
  - Communications received regarding intent by developers to move forward with two significant senior housing/medical related developments
- Florence Events Center



- Preparations for twenty year anniversary celebration
- Sea Lion public art exhibit
- Initiated operations assessment
- Public Works
  - Met record demand for water and wastewater consumption
  - Completed street overlay and chip seal maintenance projects
  - Completed solicitation for consultant to complete initial planning for Streetscaping alternatives Highways 101 and 126 for FURA
- Police
  - Peaceful summer holidays – Independence Day and Labor Day
  - Expanded active shooter training program (aka ALICE), including full-scale training of all of the Siuslaw School District personnel
  - Seat belt and pedestrian safety programs – raised over \$3,300 to provide safety materials to hand out at schools and events
  - Hosted Take Back event – received over 300 pounds of used prescription medications
  - Hosted first Hug-a-Tree class – a child safety program in the event child gets lost
  - Joined Lexipol to have policy manual automated and managed
- Other
  - Rhody Express delivered its first Ride Free Day – sponsored by Lane Community College
  - Promoted recycling opportunities – meeting DEQ program requirements

***Citizen Volunteers and Hours for the First Quarter***

Florence’s citizen volunteers served the community with more than 2,000 hours of community service in the first quarter.

Group/Function	Committee	Hours <sup>1</sup>
City Council		<i>na</i>
Economic Development Committee	✓	<i>na</i>
Budget Committee	✓	-
Audit Committee	✓	3
Environmental Management Advisory Committee	✓	37
Florence Urban Renewal Agency	✓	72
Airport Volunteer Group		728
FEC	✓	889
Parks volunteers		247
Police Auxiliary (11 members)		851
Police Reserve Officers (7 reserves)		627

<sup>1</sup> na - information not available



Public Art Committee	✓	na
Senior Center Volunteers		na
Planning Commission	✓	na
Transit Advisory Committee	✓	na

Future reports will be enhanced incrementally to include comparisons with prior year, use of graphics, images and other tools to help communicate the City’s activities and its financial results. If you have any questions or have particular information you would like included in subsequent reports, please let Erin or I know.

Sincerely,

Erin Reynolds, CPA  
City Manager

Andy Parks, CPA  
Finance Director

## All Funds

Overall, the beginning fund balance of \$8.288 million is approximately \$120,000 (1.4%) greater than budgeted. Revenue and expenditures for the quarter were generally as anticipated with revenue from transient room taxes and water sales reflecting greater than budgeted increases due in part to dry, sunny weather. The City's general property tax levy is approximately 1.1% (\$25,000) below the amount budgeted. These issues are explained later in the report.

The City entered into a \$7.8 million financing in August, drawing down \$1.6 million, with the majority of the proceeds going to the Florence Urban Renewal Agency to refinance existing debt. The balance of \$5.2 million planned to be used prior to June 30, 2016 to fund urban renewal, water, and street projects and construction of the public works facility.

The Florence Events Center twenty-year debt obligation was paid off during the quarter. An additional payment of transient room taxes is scheduled during the year to offset the temporary negative fund balance and close the fund. A minor adjustment in spending in the 9-1-1 fund will be needed to ensure the fund's negative fund balance is eliminated and a potential adjustment may be needed in the airport fund should a lease with the City for its public works facility not occur timely.

Additional discussion and financial information is provided for the City's operating funds follow.

### City-wide All Funds

Fund	Beginning Fund Balance	Revenue	Debt Proceeds	Total Resources	Expenses	Capital Outlay	Debt Service	Total Expenditures	Ending Fund Balance
General	2,091,051	639,338	-	2,730,389	1,157,250	41,512	7,667	1,206,429	1,523,960
Street	174,619	212,004	8,042	394,665	126,763	92,414	19,594	238,771	155,894
9-1-1	(5,679)	47,921	-	42,242	53,727	-	-	53,727	(11,485)
Transient Room Tax	60,073	157,465	-	217,538	83,317	-	-	83,317	134,221
Events Center	301,266	131,535	-	432,801	117,695	-	-	117,695	315,106
County TRT	58,872	48,000	-	106,872	-	-	153,915	153,915	(47,043)
Water	594,425	687,253	9,279	1,290,957	349,552	85,778	10,649	445,979	844,978
Wastewater	1,257,788	889,895	-	2,147,683	379,293	20,404	4,686	404,382	1,743,301
Stormwater	927,558	130,465	-	1,058,023	49,844	11,120	-	60,964	997,059
Airport	11,727	30,938	-	42,665	30,444	-	-	30,444	12,221
Public Works Admin	136,887	137,650	8,042	282,579	123,926	-	-	123,926	158,653
Street SDC	901,241	7,247	-	908,488	9	-	-	9	908,479
Water SDC	527,157	18,869	-	546,026	19	-	-	19	546,007
Wastewater SDC	480,172	15,043	-	495,215	19	-	-	19	495,196
Stormwater SDC	38,527	7,952	-	46,479	19	-	-	19	46,460
GO Debt	212,385	3,319	-	215,704	-	-	-	-	215,704
LID Debt	515,842	224	-	516,066	400	-	-	400	515,666
FFCO 2010B	2,829	-	-	2,829	-	-	-	-	2,829
City/FURA Debt	-	-	1,574,637	1,574,637	1,574,637	-	-	1,574,637	-
LOCAP 2011 Debt	974	-	-	974	450	-	-	450	524
<b>Totals</b>	<b>8,287,714</b>	<b>3,165,118</b>	<b>1,600,000</b>	<b>13,052,832</b>	<b>4,047,363</b>	<b>251,227</b>	<b>196,511</b>	<b>4,495,101</b>	<b>8,557,731</b>

# General Fund

Activity for the quarter was as anticipated, with no significant events materially impacting the financial performance of the City’s general government operations. Although revenue during the quarter was generally less than the quarterly allocation, it was consistent with prior years and in total are projected to be consistent with the original budget. The City’s property tax levy was less than budgeted, reflecting a 1.9% increase compared to a budgeted increase of 3.0%. The levy was impacted by a reduction in overall property values in the City of 0.96%, which is the result of declines in value of manufactured housing and industrial properties. We will evaluate this issue further and report our findings and analysis to the City Council and Budget Committee in the coming months. Consequently, property tax revenue is projected to be approximately \$25,000 less than budgeted.

The vast majority of property taxes are received in the second quarter. Therefore the budgeted amount for the 1<sup>st</sup> quarter is limited to fifteen percent (15%) of the prior year taxes. Capital outlay, debt service and transfers for debt service are budgeted in the quarter they are due or planned.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
<b>Current year resources</b>						
Property taxes	12,500	17,497	4,997	2,406,000	2,388,503	2,383,000
Intergovernmental	111,300	62,180	(49,120)	445,200	383,020	448,000
Franchise fees	189,250	174,672	(14,578)	757,000	582,328	765,000
Licenses and permits	68,250	56,038	(12,212)	273,000	216,962	275,000
Charges for services	64,250	50,842	(13,408)	257,000	206,158	257,000
Miscellaneous	81,750	74,957	(6,793)	327,000	252,043	330,000
Transfers	203,152	203,152	-	812,607	609,455	812,607
<b>Total current year resources</b>	<b>730,452</b>	<b>639,338</b>	<b>(91,114)</b>	<b>5,277,807</b>	<b>4,638,469</b>	<b>5,270,607</b>
<b>Expenditures</b>						
Police	645,575	648,792	(13,999)	2,582,300	1,950,724	2,570,000
Community Development	148,150	112,767	(35,383)	592,600	479,833	587,000
Parks	36,315	36,570	1,757	145,260	107,188	144,000
Municipal Court	79,850	69,183	(12,007)	319,400	251,557	315,000
Administration	275,100	228,759	(46,341)	1,100,400	871,641	1,092,000
City Hall	19,525	16,595	(2,930)	78,100	61,505	73,000
Non-departmental	45,375	19,584	(25,791)	181,500	161,916	181,500
Operating expenditures	1,249,890	1,132,250	(134,694)	4,999,560	3,884,364	4,962,500
Capital outlay	66,250	41,512	(24,739)	500,000	458,489	493,000
Debt service	7,667	7,667	-	27,478	35,172	27,478
Transfers	25,000	25,000	-	147,514	122,514	147,514
<b>Total expenditures</b>	<b>1,348,807</b>	<b>1,206,429</b>	<b>(159,432)</b>	<b>5,674,552</b>	<b>4,500,538</b>	<b>5,630,492</b>
<b>Resources over (under) expenditures</b>	<b>(618,355)</b>	<b>(567,091)</b>	<b>68,318</b>	<b>(396,745)</b>	<b>137,931</b>	<b>(359,885)</b>
<b>Beginning fund balance</b>	<b>2,082,865</b>	<b>2,091,051</b>	<b>8,186</b>	<b>2,082,865</b>	<b>8,186</b>	<b>2,091,051</b>
<b>Ending fund balance</b>	<b>1,464,510</b>	<b>1,523,960</b>	<b>76,504</b>	<b>1,686,120</b>	<b>146,117</b>	<b>1,731,166</b>



The City's general fund includes all the City's governmental operations, excluding transportation. Following is a summary of key performance and activity measures for the various operations and capital outlay acquired during the quarter. In future reports we will endeavor to incrementally expand to include prior year, same period, and fiscal year to date information.

## Performance and Activity Indicators

### Community Development

Metric	1st Quarter FY 2016
Valuation added ( <i>thousands</i> )	\$ 2,145
New construction – residential	3
New construction – commercial	1
<i>Current planning</i>	
Applications received	3
<i>Building</i>	
Building permits – residential	18
Building permits – commercial	11
Electrical	63
Mechanical	28
Plumbing – residential	16
Plumbing – commercial	4
Sign permits	4
Gross permit revenue	\$ 40,911
<i>Code Enforcement</i>	
New cases/cases resolved	186/215

### Police

Metric	1st Quarter FY 2016
<i>Volunteer hours</i>	
Police reserve officers (7)	627
Police auxiliary officers (11)	851
Number of arrests	178
Traffic citations issued	482
Mutual aid calls received	13
Mutual aid calls made	12
Number of males booked in	66
Number of females booked in	39
Felony crimes	125
Average daily jail population	4.81
Average number of days	3.92

**Police, continued**

*Capital outlay*

Acquired used vehicle for use by detective – replaced vehicle with over 170,000 miles.

**Parks**

- Received grant award for Pepperoaks Playground rehabilitation project

**Municipal Court**

Metric	1st Quarter FY 2016 <sup>2</sup>
<i>Charges filed</i>	
Misdemeanor	151
Violation	394
Charge Dispositions	578
Cases on Docket	48

**Administration**

Metric	September 30
Facebook “Likes”	1,855
Twitter followers	230
Vimeo video loads	571

**Recorder**

Metric	1st Quarter FY 2016
Business licenses	48
Special events	23
Liquor licenses	1

**Human Resources**

- Secured grant of \$5,700 from City County Insurance Service (CIS) for its Return to Work Early program for the acquisition of lift gates for two public works vehicles
- Secured CIS funds for costs of Lexipol’s Online Law Enforcement Manual – worth in excess of \$4,000
- Received “Silver Safety Award” from CIS at the 2015 League of Oregon Cities Annual Conference for having only one injury in the last year resulting in payout for lost time. Total - 121,680 hours worked.

Metric	1st Quarter	
	FY 2016	FY 2015
Number of employees hired	1	3
Number of employees leaving	3	-
Number of claims filed for work related accidents	1	4

<sup>2</sup> Information includes estimates for the month of September



**City Hall**

*Capital outlay*

Completed facility betterments in City Hall.



## Street Fund

Beginning fund balance is approximately \$86,000 less than budgeted due to timing differences for the receipt of state gas tax and reimbursement of grant related expenditures for the Rhody multi-use path project. The original budget for fiscal year 2015-16 included funds from a County-wide registration fee to generate \$144,000 per year (\$72,000 in fiscal year 2015-16). This fee was defeated in a County-wide vote in May 2015. Full year estimated revenue reflects the elimination of vehicle registration fee revenue.

During the quarter, the Council received a presentation on street funding alternatives and considerations. Updated information, such as capital costs and system development charge update and street funding analysis, will help inform presentations and discussions planned during the balance of the current fiscal year leading to policy decisions related to funding and street operating standards. Other revenue and spending adjustments are pending decisions related to project timing, such as capital projects that are funded in part by system development charges.

Low oil prices have resulted in very favorable bids for street paving projects providing significant cost savings for preservation and improvement projects such as the recently completed paving on Rhododendron Drive. This information is being considered to inform updates to capital project costs anticipated during the next two-five years.

Debt funding of \$1.3 million was secured in August to fund major capital infrastructure projects. Debt terms were more favorable than what was anticipated. A full year debt payment was anticipated in fiscal year 2015-16, however, the borrowing allows for draw down of funds as needed, with funds to be drawn within one year, which will reduce debt service for the current year. Funds to pay issuance costs were drawn in the first quarter with future draws not anticipated until the fourth quarter of this fiscal year.

## Street Fund

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
<b>Current year resources</b>						
Intergovernmental	144,100	130,683	(13,417)	1,564,100	1,433,417	1,492,100
Charges for services	79,550	81,086	1,536	318,200	237,114	322,500
Miscellaneous	1,250	235	(1,015)	5,000	4,765	4,300
Transfers	-	-	-	500,000	500,000	500,000
Debt proceeds	-	8,042	8,042	1,300,000	1,291,958	1,300,000
<b>Total current year resources</b>	<b>224,900</b>	<b>220,046</b>	<b>(4,854)</b>	<b>3,687,300</b>	<b>3,467,254</b>	<b>3,618,900</b>
<b>Expenditures</b>						
Personnel services	16,050	14,176	(1,874)	64,200	50,024	58,000
Materials and services	63,000	89,037	26,037	252,000	162,963	247,000
Capital outlay	117,500	92,414	(25,086)	2,100,000	2,007,586	2,090,000
Transfers	23,550	23,550	-	220,977	197,427	220,977
Debt service	19,594	19,594	-	189,286	169,692	113,286
<b>Total expenditures</b>	<b>239,694</b>	<b>238,771</b>	<b>(923)</b>	<b>2,826,463</b>	<b>2,587,692</b>	<b>2,729,263</b>
Resources over (under) expenditures	(14,794)	(18,725)	(3,931)	860,837	879,562	889,637
Beginning fund balance	260,935	174,619	(86,316)	260,935	86,316	174,619
Ending fund balance	246,141	155,894	(90,248)	1,121,772	965,879	1,064,256

### Capital outlay

- Chip and fog seals
- Multi-use path – Rhody Drive, 9<sup>th</sup> to Wildwinds
  - Preliminary design and internal review
- Pavement preservation
  - Rhody Drive, 9<sup>th</sup> to Wildwinds (payment in 2<sup>nd</sup> quarter)

## 9-1-1 Fund

This fund accounts for charges to non-city users of emergency dispatch services and dedicated tax revenue for 911. Funds are transferred to the City's general fund for 911 emergency communications related funding.

The beginning fund balance is approximately \$10,000 less than budgeted due to an adjustment to user fee accounts receivable during the annual audit process. Consequently, it will be necessary to adjust spending, i.e., transfers to the general fund, or increase user fees to bring the negative fund balance positive. A spending reduction would reduce funds to the City's general fund, and a fee increase would result in additional costs to the agencies receiving 9-1-1 services. We will analyze and discuss with other agencies during the next few months and update the Council in early 2016.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Intergovernmental	14,532	11,447	(3,085)	58,127	46,680	58,000
Charges for services	37,983	36,467	(1,516)	151,930	115,463	151,930
Miscellaneous	-	7	7	-	(7)	-
Total current year resources	52,515	47,921	(4,594)	210,057	162,136	209,930
Expenditures						
Transfers	53,727	53,727	-	214,907	161,180	214,907
Total expenditures	53,727	53,727	-	214,907	161,180	214,907
Resources over (under) expenditures	(1,212)	(5,806)	(4,594)	(4,850)	956	(4,977)
Beginning fund balance	4,850	(5,679)	(10,529)	4,850	10,529	(5,679)
Ending fund balance	3,638	(11,485)	(15,123)	-	11,485	(10,656)

## Performance and Activity Indicators

Metric	1st Quarter FY 2016	
	Number	%
9-1-1 Calls – City	2,940	62%
9-1-1 Calls – Other	1,829	38%

## Transient Room Tax Fund

Tourism has rebounded strongly during the past eighteen months. Room taxes received in fiscal year 2014-15 exceeded the year-end estimate by approximately \$20,000. First quarter fiscal year 2015-16 TRT exceeds the prior year revenue by more than \$13,000 (9.0%). Additionally, per discussions with lodging establishments occupancy remained strong into the second quarter with good fishing and nice weather cited as contributing factors.

Transient room taxes are allocated 40% tourism promotion via contract with the Chamber of Commerce and 60% to the Florence Events Center. The current year transfer to the FEC is increased due to limitations on the prior year transfer resulting from constraints imposed by local budget law. The increase in fund balance and significant increase in revenue provides the Council an opportunity to consider retaining a portion of funds as a fund balance to provide sustainable funding during years when tourism activity declines or does not meet forecasts.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Taxes	145,000	157,465	12,465	314,900	157,435	318,000
Total current year resources	145,000	157,465	12,465	314,900	157,435	318,000
Expenditures						
Materials and services	31,500	33,017	1,517	126,000	92,983	126,000
Transfers	50,300	50,300	-	201,200	150,900	201,200
Total expenditures	81,800	83,317	1,517	327,200	243,883	327,200
Resources over (under) expenditures	63,200	74,148	10,948	(12,300)	(86,448)	(9,200)
Beginning fund balance	45,886	60,073	14,187	45,886	(14,187)	60,073
Ending fund balance	109,086	134,221	25,135	33,586	(100,635)	50,873

## Florence Events Center Fund

Although revenue for the quarter reflects negative variances, activity for the first quarter 2015-16 was above the prior year. The quarterly allocation for charges for services and miscellaneous is somewhat misleading as activity at the Events Center is stronger during the fall, winter and spring. Revenue for the full year continues to be projected at the budgeted amounts, with the potential for additional transfers from the transient room tax fund, should tourism remain strong. We may modify budget allocations in future periods after further evaluation and analysis.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Intergovernmental	-	-	-	88,000	88,000	88,000
Charges for services	42,625	33,284	(9,341)	170,500	137,216	170,500
Miscellaneous	33,000	25,451	(7,549)	132,000	106,549	131,400
Transfers	72,900	72,800	(100)	291,600	218,800	291,600
Current year resources	148,525	131,535	(16,990)	682,100	550,565	681,500
Expenditures						
Personnel services	77,550	55,434	(22,116)	310,200	254,766	294,000
Materials and services	76,200	62,261	(13,939)	304,800	242,539	296,000
Capital outlay	-	-	-	75,000	75,000	75,000
Total expenditures	153,750	117,695	(36,055)	690,000	572,305	665,000
Resources over (under) expenditures	(5,225)	13,840	19,065	(7,900)	(21,740)	16,500
Beginning balance	286,277	301,266	14,989	286,277	(14,989)	301,266
Ending balance	281,052	315,106	34,054	278,377	(36,729)	317,766

## Performance and Activity Indicators

Metric	1st Quarter FY 2016	
<i>Attendance</i>		
Regular meetings	1,328	20.9%
Local visitors	4,441	69.8%
Non-local visitors	595	9.3%
<i>Facility utilization</i>		
Days utilized	75	81.5%
Number of groups	38	
Number of event activities	106	

### Capital outlay

Staff had external audits of mechanical systems and roofing performed. Findings from the audits will be used to budget future building maintenance.

## Water Fund

The dry summer resulted in a significant increase in water sales relative to the prior year as of the September billing. Revenue is up \$70,000 (11.4%) year over year, with a net of approximately 9.7% after factoring in a rate increase effective July 1 of 1.7%. Variable costs associated with delivery of water increased slightly, however, overall spending is projected to be consistent with the budget.

Debt funding of \$1.5 million was secured in August to fund major capital infrastructure projects. Debt terms were more favorable than what was anticipated. No debt payments were anticipated in fiscal year 2015-16, however, a minor budget amendment to fund interest payments on the obligation may be needed. The borrowing allows for draw down of funds as needed, with funds to be drawn within one year. Funds to pay issuance costs were drawn in the first quarter with future draws not anticipated until the fourth quarter of this fiscal year.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
<b>Current year resources</b>						
Charges for services	625,800	683,622	57,822	2,098,000	1,414,378	2,119,300
Miscellaneous	4,250	3,631	(619)	17,000	13,369	14,000
Transfers	-	-	-	550,000	550,000	550,000
Debt proceeds	-	9,279	9,279	1,500,000	1,490,721	1,500,000
<b>Total current year resources</b>	<b>630,050</b>	<b>696,532</b>	<b>66,482</b>	<b>4,165,000</b>	<b>3,468,468</b>	<b>4,183,300</b>
<b>Expenditures</b>						
Personnel services	86,950	77,712	(13,219)	347,800	274,069	346,000
Materials and services	96,898	129,751	32,853	387,587	257,836	380,000
Capital outlay	95,000	85,778	(9,222)	1,210,000	1,124,222	1,209,000
Debt service	10,685	10,649	(36)	171,274	160,625	175,526
Transfers	152,853	142,089	(10,764)	611,413	469,324	611,413
<b>Total expenditures</b>	<b>442,386</b>	<b>445,979</b>	<b>(388)</b>	<b>2,728,074</b>	<b>2,286,076</b>	<b>2,721,939</b>
Resources over (under) expenditures	187,664	250,553	66,870	1,436,926	1,182,392	1,461,361
Beginning fund balance	465,766	594,425	128,659	465,766	(128,659)	594,425
<b>Ending fund balance</b>	<b>653,430</b>	<b>844,978</b>	<b>195,529</b>	<b>1,902,692</b>	<b>1,053,733</b>	<b>2,055,786</b>

## Performance and Activity Indicators

Metric	1st Quarter FY 2016
Water demand - max day (million gallons)	1.96
Water demand - average per day (million gallons)	1.53
Total demand - (million gallons)	141.03

## Wastewater Fund

Wastewater charges for services in the first quarter increased approximately \$40,000 (4.7%) over the prior year. A portion of the increase is due to a rate increase of 1.7% implemented July 1, with the balance due to increased consumption charges.

On the expenditure side, a recent retirement has provided an opportunity to evaluate potential reorganization of various functions within the public works department. Findings from this evaluation will be presented to the Council in the near future.

Transfers out for the quarter do not include amounts to pay debt service (approximately \$857,000). Transfers in are contingent on qualified capital expansion projects moving forward during the year. Intergovernmental revenue is related to Harbor Vista reimbursement, which is pending execution of an Intergovernmental Agreement with the County for extension of sewer lines to the area and annexation.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Intergovernmental	-	-	-	200,000	200,000	200,000
Charges for services	850,175	883,009	32,834	3,037,100	2,154,091	3,037,000
Miscellaneous	6,850	6,886	36	27,400	20,514	27,000
Transfers	-	-	-	140,000	140,000	140,000
<b>Total current year resources</b>	<b>857,025</b>	<b>889,895</b>	<b>32,870</b>	<b>3,404,500</b>	<b>2,514,605</b>	<b>3,404,000</b>
Expenditures						
Personnel services	109,375	99,475	(9,706)	437,500	337,831	435,000
Materials and services	114,625	120,494	5,869	458,500	338,006	452,000
Capital outlay	25,000	20,404	(4,596)	1,180,000	1,159,596	1,157,000
Debt service	4,853	4,686	(167)	356,277	351,591	356,277
Transfers	159,300	159,323	23	1,494,478	1,335,155	1,494,478
<b>Total expenditures</b>	<b>413,153</b>	<b>404,382</b>	<b>(8,577)</b>	<b>3,926,755</b>	<b>3,522,179</b>	<b>3,894,755</b>
Resources over (under) expenditures	443,872	485,513	41,447	(522,255)	(1,007,768)	(490,755)
Beginning fund balance	1,217,235	1,257,788	40,553	1,217,235	(40,553)	1,257,788
<b>Ending fund balance</b>	<b>1,661,107</b>	<b>1,743,301</b>	<b>82,000</b>	<b>694,980</b>	<b>(1,048,321)</b>	<b>767,033</b>

## Performance and Activity Indicators

Metric	1st Quarter FY 2016
Wastewater demand - max day (million gallons)	0.84
Wastewater demand - average (million gallons)	0.72
Total demand - (million gallons)	66.06
<i>Biosolids</i>	
Gallons produced	377,000
Biosolids to farms (tons)	130.18
Finished compost – tons	9.45

## Stormwater Fund

Stormwater revenue in the first quarter is approximately \$3,000 (2.7%) greater than last year. After accounting for a 1.7% rate increase effective July 1, net growth in revenue is 1.0%, consistent with budget.

Expenditures in the fund for the quarter are consistent with the budget. Staff is evaluating costs associated with a capital projects that is significantly greater than budgeted to identify alternatives that complete needed projects timely while minimizing impacts on other projects and any rate adjustments. We anticipate presenting the analysis and alternatives in early 2016.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Charges for services	130,500	130,465	(35)	522,000	391,535	522,000
Miscellaneous	375	-	(375)	1,500	1,500	1,500
Total current resources	130,875	130,465	(410)	523,500	393,035	523,500
Expenditures						
Personnel services	16,225	14,035	(2,635)	64,900	51,310	64,000
Materials and services	15,650	12,409	(3,866)	62,600	50,816	61,000
Capital outlay	15,000	11,120	(3,880)	520,000	508,880	520,000
Transfers	27,638	23,400	(4,238)	110,550	87,150	110,550
Total expenditures	74,513	60,964	(14,619)	758,050	698,156	755,550
Resources over (under) expenditures	56,362	69,501	14,209	(234,550)	(305,121)	(232,050)
Beginning fund balance	868,803	927,558	58,755	868,803	(58,755)	927,558
Ending fund balance	925,165	997,059	72,964	634,253	(363,876)	695,508

### Capital outlay

Contract awarded for Siano Loop project

## Airport Fund

Activity at the airport, as measured by fuel sales, is increased over the prior year's first quarter. Although prices for fuel are lower, fuel sales were approximately \$1,800 (10.5%) greater than the prior year first quarter. The City has yet to enter into a lease agreement for the site, which was budgeted to be effective July 1, 2015 and provide \$30,000 in rent income for the airport. Staff is preparing a lease for consideration by the Council within the next few months. Depending on the final terms of the lease agreement budget adjustments may be necessary.

During the quarter the Council held a work session with aviation professionals from the State Aviation Department and the Airport Planners that prepared the City's Airport Master Plan. The Council has determined it beneficial to form an airport committee and solicited members with appointments planned in the second quarter.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
Current year resources						
Intergovernmental	-	-	-	-	-	-
Charges for services	31,400	27,088	(4,312)	111,200	84,112	111,200
Miscellaneous	300	1,350	1,050	1,200	(150)	1,200
Transfers	2,500	2,500	-	10,000	7,500	10,000
<b>Total current year resources</b>	<b>34,200</b>	<b>30,938</b>	<b>(3,262)</b>	<b>122,400</b>	<b>91,462</b>	<b>122,400</b>
Expenditures						
Materials and services	19,650	29,394	9,744	78,600	49,206	72,500
Debt service	-	-	-	53,338	53,338	50,262
Transfers	1,050	1,050	-	4,200	3,150	4,200
<b>Total expenditures</b>	<b>20,700</b>	<b>30,444</b>	<b>9,744</b>	<b>136,138</b>	<b>105,694</b>	<b>126,962</b>
Resources over (under) expenditures	13,500	494	(13,006)	(13,738)	(14,232)	(4,562)
Beginning fund balance	16,323	11,727	(4,596)	16,323	4,596	16,323
<b>Ending fund balance</b>	<b>29,823</b>	<b>12,221</b>	<b>(17,602)</b>	<b>2,585</b>	<b>(9,636)</b>	<b>11,761</b>

**Public Works Administration and Support Services Fund**

Public works staffing during the quarter realized some turnover, which lead to expenditures less than budgeted. Vacancies have been filled for key maintenance positions and staff is evaluating potential reorganizations to balance workloads and streamline decision-making.

The Council approved a professional services contract to move forward with the design of the public works facility. Additionally, the City secured debt proceeds of \$1.3 million to fund construction of the facility. The loan will be drawn as needed, with funds fully drawn by June 30, 2016. Funds to pay for issuance related costs were drawn in the first quarter.

	Budget 1st Qtr	Actual 1st Qtr	Variance Over(Under)	Annual Budget	Budget Balance	Full Year Estimate
<b>Current year resources</b>						
Charges for services	3,000	3,000	-	12,000	9,000	12,000
Transfers	134,650	134,650	-	538,600	403,950	538,600
Debt proceeds	-	8,042	8,042	1,300,000	1,291,958	1,300,000
<b>Total current year resources</b>	<b>137,650</b>	<b>145,692</b>	<b>8,042</b>	<b>1,850,600</b>	<b>1,704,908</b>	<b>1,850,600</b>
<b>Expenditures</b>						
Personnel services	103,850	95,641	(11,826)	415,400	323,376	413,000
Materials and services	15,600	35,785	810	62,400	38,490	91,000
Capital outlay	-	-	-	1,400,000	1,400,000	1,400,000
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>119,450</b>	<b>131,426</b>	<b>(11,016)</b>	<b>1,877,800</b>	<b>1,761,866</b>	<b>1,904,000</b>
Resources over (under) expenditures	18,200	14,266	19,058	(27,200)	(56,958)	(53,400)
Beginning fund balance	141,498	136,887	(4,611)	141,498	4,611	136,887
<b>Ending fund balance</b>	<b>159,698</b>	<b>151,153</b>	<b>14,447</b>	<b>114,298</b>	<b>(52,347)</b>	<b>83,487</b>

*Other*

- Preparation of request for qualifications for Streetscape Design Alternatives for Highways 101 & 126
- Selection by the FURA board of consultant team to perform Streetscape Design Alternatives
- Preparation of presentation for funding through the competitive STIP program for improvements on Highway 101

**Performance and Activity Indicators**

Metric	1st Quarter FY 2016
Yard debris drop off – number of customers	90

